



CITY OF SEATTLE

Seattle City Employees' Retirement System

Handbook

Revised
December 20, 2011

This Handbook is a guide to be used in conjunction with the Seattle Municipal Code, Section 4.36 – Retirement and SCERS' Frequently Asked Questions (FAQs). Revisions to the Municipal Code could make the relevant information in this Handbook outdated. The Handbook is generally superseded by the Code, if there are inconsistencies.

If you have a question or need clarification about anything in this document, please email B. Yapp at retirecity@seattle.gov.

YOUR RETIREMENT SYSTEM

In 1929, the City of Seattle adopted an ordinance, codified in the Municipal Code as Chapter 4.36, which established the Employees' Retirement System and a retirement plan to provide employees a greater measure of security during their retirement years. The benefits you receive from the Retirement System are in addition to your Social Security benefits and your personal savings for retirement.

Because the plan is necessarily long and somewhat complicated, this handbook has been prepared to help you understand your benefits and the retirement process. While the principal provisions of the plan are explained herein, additional reference documents including Frequently Asked Questions and the Benefit Calculator may be accessed from the Retirement Office's website (www.seattle.gov/retirement). In addition, Seattle Municipal Code Chapter 4.36 is available online from the City Clerk's Office at (<http://clerk.ci.seattle.wa.us/~public/toc/4-36.htm>).

ADMINISTRATION

The City of Seattle Employees' Retirement Plan is administered by a seven-member Board of Administration. The members include:

- The Chair of Seattle City Council's Finance & Budget Committee;
- The City Finance Director;
- The City Personnel Director;
- Two current employees who are members of the System and one retired member (elected by both current and retired members); and,
- An at-large member (not an employee or retiree) who is appointed by the other six Board members and has no vested interest in the System.

The Board holds monthly administrative meetings that are open to you and the public. In the event you cannot attend these meetings, the minutes are posted regularly on SCERS' website.

The 18 employees of the Retirement Office work under the direction of the Executive Director, Cecelia M. Carter, who in turn reports to the Retirement Board of Administration. The Member Services staff is available to explain the benefit process or answer any questions about retirement you may have.

OFFICE LOCATION

The Retirement Office moved in 2010 to its current location on the ninth (9th) floor of the Pacific Building at 720 Third Avenue, Seattle. The telephone number is 206-386-1292; toll free 877-865-0079 and the fax number is 206-386-1506. Operating hours are 8:00 a.m. to 5:00 p.m., Monday through Friday. The office is one block from the Pioneer Square underground bus/trolley stop and on the Third Avenue surface bus line. There is public parking in the Pacific Building parking garage, which can be accessed from Columbia Street between Third & Fourth Avenues.

MAILING & EMAIL ADDRESSES

If you wish to mail us any correspondence or documents, please use the following address:

Seattle City Employees' Retirement System
720 Third Avenue, 9th floor
Seattle, WA 98104

Alternatively, you may email queries or send us communication at the following email address:

retirecity@seattle.gov

WEBSITE ADDRESS

Retirement information and resources can also be found at the following URL address:

www.seattle.gov/retirement

WHO IS ELIGIBLE FOR MEMBERSHIP?

You will automatically become a member of the Retirement System on the date you start your employment with the City of Seattle unless you are in a temporary assignment or exempt position. A letter will be sent to you from the Retirement Office following your appointment to a permanent position, welcoming you to the System, advising you of your monthly contribution rate and asking you to designate a beneficiary. The beneficiary you designate will remain on file with the Retirement System; it is not applicable to any other City benefits.

If you have been hired into an “exempt” position, your enrollment in the Retirement System is optional. You will receive a letter from the Retirement Office following your appointment, giving you the choice to accept or decline membership. You may elect membership at any time during your employment with the City. However, once you elect to become a member, the election is irrevocable and you cannot reverse your decision in the future.

If you work in a “temporary assignment” (e.g., temporary, term-limited, interim, intermittent, or part-time assignment which is less than 20 hours per week for a year), you will have three opportunities to become a member of the Retirement Plan. First, you will receive a letter from the Retirement Office giving you the option of becoming a member within 6 calendar months of completing 1,044 hours of continuous straight-time service. If you opt to join within this 6-month period, you will begin earning service credit from your date of membership forward. If you do not exercise this option, you will have a second opportunity to elect membership within 6 months of completing 10,440 hours (equivalent to 5 years full-time) of continuous straight time temporary service. You may also choose to purchase your previous temporary service credit back to the 1,044 hour threshold at a lower rate. If you are offered a permanent position sometime after the 1,044-hour threshold, but before you have worked 10,440 hours continuous straight time temporary service, membership in the Retirement System is mandatory. You will also be given 6 months from your date of hire to purchase your temporary service credit, back to the 1,044-hour threshold at a lower cost. After the 10,440 hour threshold, membership in the Retirement System will no longer be an option unless you are hired into a regular full- or part-time position, at which time membership is mandatory.

Uniformed personnel in the Fire and Police Departments and most Metro and King County employees are not covered by Seattle City Retirement as these entities have their own retirement plans.

WHO PAYS FOR IT?

You, the City of Seattle and the investment earnings on total contributions, pay the cost of providing your retirement benefits. Contribution rates are recommended by the Board, based on the system’s actuarial valuation, negotiated and approved by City Council before becoming effective.

In 2011, your share of the cost, which is automatically deducted on a pre-tax basis from your paycheck, is 9.03% of your salary. In 2012, the amount of your contribution to the fund will increase to 10.03%. If you became a member before June 1972, your contribution rate may be slightly lower. Early each year you will receive a statement of your total employee contributions and accrued interest as of December of the previous year.

The City's contribution to the Retirement Fund in 2011 is also 9.03%; in 2012, this amount will increase to 11.01%. If you leave city employment and withdraw your contributions, you will be entitled only to your accumulative contributions and interest; you will not receive the contributions made by the City.

ELIGIBILITY FOR SERVICE RETIREMENT

If you are an active city employee, you are eligible for retirement if you have attained:

- 5 years of service and 62 years of age;
- 10 years of service and 57 years of age;
- 20 years of service and 52 years of age;
- 30 years of service and any age.

RETIREMENT SERVICE CREDIT

Generally, retirement service credit is accumulated for periods of time when both you and the City make contributions to the Retirement System. The way in which service credit is administered has been changed three (3) times over the years.

1. If you were regularly appointed to a permanent position prior to January 1, 1988, you will receive credit for your initial 1,044 hours (6 months full-time) of City service when you retire, even though no contributions were made for those months. This particular provision was extended to temporary employees hired for assignments prior to January 1, 1988 as a "transitional exception". Temporary employees hired for assignments after January 1, 1988, first become eligible for membership in the Retirement Plan within 6 months after completing 1,044 hours of continuous straight time service and do not receive service credit for time worked prior to membership eligibility.
2. If you were regularly appointed to a permanent position between January 1, 1988 and December 31, 1998, there was a 6-month membership waiting period. Under this scenario, you would receive service credit only for the time you were making contributions to the Retirement System. Since no contributions were made during your first 6 months of employment, these months do not count toward retirement unless you purchase this service time at the actuarial cost when you resign or retire. (See Section "Buybacks" on page 9 for more information). Note, the Board and City Council did provide a one-year (1) window of time for regular employees to purchase service credit from this first 6-month period at the lower cost, but this provision is not longer available.
3. If you were hired after December 31, 1998 into a regularly appointed, non-exempt position, you became a Retirement System member and made contributions upon employment, without a 6-month waiting period. Therefore, your service credit began immediately. Be sure to check your pay stub to confirm your retirement contributions are being deducted.

DEFINITION OF FINAL AVERAGE SALARY

The term "***Final Average Salary***", used in the benefit formulas of our plan, is defined as the "*average of your highest 24 consecutive months' of pay, regardless of when that compensation was earned*". One hundred seventy-four (174) hours constitute one month of employment. Only 80 hours of employment in any one pay period will be counted for retirement service credit or used in calculating your Final Average Salary. Overtime, bonuses and/or vacation payouts are not included in the Final Average Salary calculation; premium pay, shift differentials and/or out-of-class pay are counted.

SERVICE RETIREMENT BENEFIT

To aid you in calculating your “*Unmodified Monthly Allowance*”, a simplified chart is appended at the end of this handbook. To use the chart, follow this example:

Example: If your Final Average Salary is \$2,000 per month and you have 25 years of creditable service, the chart shows that at age 58 your factor is .50. Thus you would multiply your Final Average Salary by .50 and your monthly benefit would be \$1,000 per month.

You may also estimate your future benefits by using the online benefit calculator on the Retirement Department’s website. However, remember you are only eligible to draw retirement benefits if you have been a contributing member to Seattle City Employees’ Retirement System for more than 5 years (or have more than 5 years of dual membership with SCERS and a participating portable pension plan).

RETIREMENT OPTIONS

The maximum retirement benefit you can receive is the *Unmodified Monthly Allowance*, which is usually referred to as the “*Straight Benefit*”. This benefit does not provide for a beneficiary after your death and at the time of your death, all payments stop.

Options A through E, detailed below, provide for a beneficiary by modifying the amount of your monthly benefit; the capital value remains the same.

- Option A:** Provides a modified monthly benefit until your death and then, your beneficiary will receive a lump sum refund, which is based on the difference, if any, between your total accumulated contributions/interest at the time of retirement and the annuity payments you have received since retirement. Only your contributions plus accumulated interest is used in calculating any payment to your beneficiary(ies) upon your death.
- Option B:** Provides a modified monthly benefit until your death and then, your monthly annuity payments will be paid to your beneficiary until the total payments to you and your beneficiary equals your total contributions/interest at the time of retirement. Only the employee contribution plus accumulated interest is used in calculating any payment to your beneficiary(ies) upon your death.
- Option C:** Provides a modified monthly benefit to you until your death and the payment of a retirement allowance to your beneficiary after your death up to a guaranteed period of years from the date of your retirement. This is also known as “term certain”. You may select a term of five (5) years, ten (10) years, fifteen (15) years, or twenty (20) years. As with all of our retirement options, payments are guaranteed to the retiree for life, even if the retiree lives beyond the guaranteed period chosen for this option. If the retiree lives longer than the selected term-certain period, there will be no payments to the beneficiary(ies).
- Option D:** Provides a modified monthly benefit for life. After your death, your spouse or domestic partner will receive one-half of your benefit each month for life. If you retired on or after March 24, 1997 and your spouse or domestic partner dies before you, your monthly benefit will be adjusted to the original unmodified benefit (Straight Benefit) amount. This option provides no further benefit to another beneficiary after the death of your spouse or domestic partner. Only the spouse or domestic partner signified at the time of retirement is eligible for benefits under this option. Should you remarry after retirement,

regardless of the reason, your new spouse or domestic partner is not eligible for this benefit.

Option E: Provides a modified monthly benefit for life. After your death, your spouse or domestic partner will receive *the same monthly allowance* for life. If you retired on or after March 24, 1997 and your spouse or domestic partner dies before you, your monthly benefit will be adjusted to the original unmodified benefit (Straight Benefit) amount. This option provides no further benefit to another beneficiary after the death of your spouse or domestic partner. Only the spouse or domestic partner signified at the time of retirement is eligible for benefits under this option. Should you remarry after retirement, regardless of the reason, your new spouse or domestic partner is not eligible for this benefit.

Your spouse or domestic partner *at the time of retirement* is the only eligible beneficiary/recipient under Options D or E. Even if your marriage or partnership is legally dissolved after retirement, the named spouse or partner will continue to be the only eligible recipient of your monthly retirement benefit under the provisions of Options D or E. If you remarry or enter into a new domestic partnership after retirement, your new spouse or domestic partner cannot be named as the new beneficiary.

Option F: Allows a member, who retires prior to the normal Social Security age, to receive a higher monthly retirement benefit equivalent to the combined amount of your City retirement and Social Security from your retirement age until you reach your “full Social Security age”. This means your monthly retirement benefit from the City is higher *before* you reach the normal Social Security age and then is lowered by the benefit amount you are estimated to receive from Social Security when you reach “full Social Security retirement age”, regardless of when you actually start collecting your Social Security benefits. Although the theory is that the member's total retirement income stream will be level, often it is not. This is because Social Security, and sometimes the City Retirement System as well, make post-retirement adjustments that upset the original "leveling out" feature of this option.

Option G: Allows you to withdraw a lump sum payment at retirement which is equivalent to either *all* of your employee accumulated contributions with interest, or *one-half* of this amount. Your monthly benefit will be reduced by an amount to actuarially compensate for the annuity funds (your contributions plus interest) withdrawn. You will continue to receive a reduced monthly benefit based on your pension.

DISABILITY BENEFITS

Eligibility:

In order to be eligible for disability retirement from the Retirement System, you must be totally and permanently disabled and no longer able to perform the essential functions of your current position or any other City of Seattle position. You may qualify for a disability retirement if you meet one of the following conditions:

1. If you are permanently and totally disabled and have at least 10 years of retirement service credit with the City of Seattle. Those 10 years of retirement service credit must have been earned during the 15 years prior to becoming disabled.
2. If, due to an on-the-job injury, you are permanently and totally disabled, you may retire under disability regardless of length of service with the City, as long as you are a member of the Retirement System.

You may also apply for disability retirement within three (3) months after the discontinuance of City service if you are totally and permanently incapacitated and your incapacity has been continuous from the point you discontinued your City service.

Applying for Disability Retirement:

To apply for disability retirement, you must first complete an Application for Disability Retirement Evaluation (which is available from SCERS' website). If you are applying for disability retirement related to an on-the job injury, you must authorize the Retirement System to obtain copies of records related to that injury from the City Workers Compensation files by signature on the application form. If you are applying for disability retirement on a basis other than an on-the-job injury, you must state in the application all medical conditions which individually or in combination, you believe are disabling. You must also provide the Retirement Office with any medical records that pertain to your disability including any treatment or rehabilitation plans, a statement from your physician(s) as to when the disabling medical condition(s) arose and how the medical condition(s) affect your ability to work. It is critical that these records are complete and include information from any specialists that have been treating your disability. All medical or supporting documents must be submitted within 60 days of filing the application form.

Once SCERS receives your application and medical records, an Independent Medical Examination (IME) will be scheduled and your records will be provided to the panel of doctors. The Retirement Office will contact you with the appointment information. You will be examined by one or more physicians or surgeons appointed by the Retirement Board.

Usually within 2 weeks, the Retirement Office will receive the written report from the medical panel. If no other examinations, tests or vocational evaluation is needed, the Disability Committee made up of 3 members of the Board will review the report of the medical panel and make a recommendation to the Board. If the independent medical examination in conjunction with any vocational evaluation undertaken, shows that the applicant is disabled from work in any position in City service, disability retirement will be granted. If not, your application will be denied. The Board's determination will be issued to you in writing.

Note, if you fail to comply with these procedures or deadlines necessary for processing an application, including but not limited to scheduling and attending medical examinations or vocational evaluations, the Board may deem your application to be withdrawn.

To appeal the Board's decision, you must submit a complete and detailed written statement of the basis for your appeal of the Board's initial determination within 30 days of issuance of the Board's decision. Following receipt of an appeal, the Board at its discretion may provide an opportunity for you to present your appeal to the Board.

Disability Retirement Benefit:

Under the terms of this benefit, you will receive 1.5% of your Final Average Salary multiplied by the number of years of retirement service credit you have earned. If this calculation does not exceed one-third (.33%) of your Final Average Salary, then you will receive an additional 1.5% of your Final Average Salary for each year between your age at retirement and age 62, until your disability retirement benefit equals one-third (33%) of your Final Average Salary.

The maximum disability retirement benefit available is 60% of your Final Average Salary. The minimum benefit is \$140.00 per month.

Recovery from Disability:

If, subsequent to receiving a disability retirement benefit, you are able to return to work *part-time*, you may continue to receive your disability allowance, provided the total of your disability payment and your earnings do not exceed the salary currently payable by the City for your last job classification. If this

should occur, your retirement allowance would be reduced proportionally by excess earnings. If, subsequent to receiving a disability retirement benefit, you return to work full-time, the disability retirement benefit will be discontinued.

Temporary Total Disability:

If you have attained the age of 65 and have at least ten (10) years of City service over a period not to exceed 15 years, you may apply for temporary total disability occurring while in City service. The process for evaluating and granting such applications is similar to that outlined above. If the Board determines that your temporary total disability has ceased, the Board may terminate your temporary total disability retirement and your retirement allowance will be cancelled. Alternatively, if you are otherwise eligible, the Board will convert your temporary total disability retirement to a permanent total disability retirement or a service retirement.

If you are able to return to active City service, you will be reinstated as a non-retired member and your accumulated contributions less annuity payments, shall be credited to your account. Your contribution rate will be equal to that applicable at the time you were retired. If you do not return to City service once your temporary total disability retirement has been terminated, you will receive your accumulated contributions less any annuity payments made to you.

DEATH AFTER DISABILITY RETIREMENT

If, subsequent to receiving a disability retirement benefit, you die, your surviving spouse or domestic partner, named as your beneficiary, is eligible to receive any employee contributions with interest that have not already been paid to you. Payment can either be in a lump sum or monthly installments.

TERMINATION OF EMPLOYMENT

Your options at the point your employment with the City is discontinued, *for whatever reason*, is contingent on your status at the time of your separation, as outlined below. Please note that for the purposes of withdrawals, leaves of absence of any sort are not considered to be “a termination or discontinuation” of employment.

1. If you do not have five (5) full-time years of membership in the City Retirement System when you leave City service, you are not eligible to “vest” and *are required* to withdraw your funds from the Retirement System within two months of leaving City service. These funds will only include your contributions and interest earned up to the point of your separation. The only exception to this provision is if you qualify under the Portability provisions of the plan (see Section on Retirement Portability, page 9). If you fail to comply with this requirement and leave your contributions and interest in the Trust, you will cease earning interest on these funds 24 months from your date of separation. The funds of non-vested members who have not established portability and are unresponsive to SCERS’ correspondence will be regarded as forfeited and returned to the Trust within 48 months.
2. If you are a temporary employee, you must terminate your employment with Temporary Employment Services or with the Department in which you have been employed in order or have a “break in service” to be considered “separated” from City service. At that point, if you do not have five (5) full-time years of membership in the City Retirement System and are not eligible for Portability, you are required to withdraw your funds from the Retirement System within two months of leaving City Service. If you fail to comply with this requirement and leave your contributions and interest in the Trust, you will cease earning interest on these funds 24 months from your date of separation. The funds of non-vested members who have not established portability and are unresponsive to SCERS’ correspondence will be regarded as forfeited and returned to the Trust within 48 months.

If you do have five (5) full-time years of service in the City system or are eligible under the Portability provisions of the Plan, you may retire (if you meet the eligibility requirements), vest your funds (meaning, you leave your funds in the system until you are eligible for retirement benefits), or withdraw your contributions and interest earned up to the point of your separation.

3. If you are laid off from City service and are eligible for reinstatement, you have the option, *regardless of whether you have five (5) full-time years of membership in the City Retirement System*, to leave your funds in the System for the duration of your reinstatement period. Most of your rights will be preserved during this reinstatement period. Alternatively, you may withdraw your contributions and interest. However, you would have to redeposit an equivalent amount if you were re-instated or re-employed in order for this previous service to be credited towards your retirement benefits. If you meet the eligibility criteria for retirement, you may also opt to retire and relinquish your rights to reinstatement.
4. If you have five (5) full-time years of membership in the City Retirement System (or in combination with a system which has portability with the Retirement System) when you leave City service, but *are not eligible* to retire, you may “vest” your funds. This means you may leave your funds with the Retirement System until you reach an age at which you become eligible for retirement. If you vest your funds, you will continue to accrue interest on your funds, but you will lose all sick leave credit and will not be able to participate in the Death Benefit Program. If you *are* eligible for retirement at the point you separate from City service, you may elect retirement, which will preserve all your rights to convert your sick leave and participate in the Death Benefit Program.

Alternatively, when you leave City Service, you may withdraw your contributions from the Retirement System. To do so, you must submit a withdrawal form with your original signature and a copy of your Social Security card (the Withdrawal Form may be obtained from the Retirement Office or downloaded from the Retirement Website, see Website address on page 3).

When you leave City service, if you opt to withdraw your contributions and accrued interest from the Retirement System, you may receive your funds directly or transfer them to an Individual Retirement Account (IRA) or other qualified plan. If your funds are transferred directly to an IRA or other qualified plan, you will not be subject to taxes or penalties at the time of withdrawal. If you choose to withdraw your funds, and have payment made directly to you, Federal law requires 20% of the taxable portion of your retirement funds to be withheld for tax purposes. (All contributions since 1985 and all accrued interest are taxable. Contributions made before 1985 have already been taxed and will be returned to you without any tax deduction). Whether the 20% withheld covers or exceeds your Federal tax liability is entirely dependent upon your income for the year in which you are paid the funds. Further, a 10% penalty may be assessed by the IRS against all taxable funds removed from the Retirement System that are not rolled into an IRA or other qualified plan. In accordance with Federal law, you may change your mind about withdrawing your funds without penalty during the 30 days following your application to withdraw. This period will allow you time to reflect on the decision to remove your funds.

SPECIAL WITHDRAWAL DUE TO TERMINAL ILLNESS

It is possible to make an early withdrawal of your retirement employee contributions plus accrued interest, if you have a terminal illness. Your physician must attest that your illness is severe enough to likely cause your death within a period of 24 months. A second medical opinion may be required by the Retirement Board.

Withdrawal under this provision does not exempt the employee from any Federal taxes or penalties associated with the early withdrawal of funds from a retirement plan. Further, the withdrawal of funds

severs all connection with the Retirement System. The member also forfeits all current and future rights to retirement, disability, and death benefits, including those of a spouse or domestic partner, if any.

DEATH PRIOR TO RETIREMENT

If you should die before retiring, your employee contributions and interest deposited in the Retirement System will be handled in one of the following ways:

1. A lump sum payment or installment payments of all employee contributions and interest made to either your beneficiary or estate.
2. If, at the time of your death, you have 10 years of retirement service credit, your spouse or domestic partner may elect to receive #1 above or one of the following:
 - A benefit equal to what you would have received under the provisions of Retirement Option E, had you retired on the day of your death; or
 - A cash payment, not to exceed 50% of your total employee contributions and interest, monthly retirement benefit that is proportionately reduced by the amount of the cash withdrawal.

Both of these options are valid only for the life of the spouse or domestic partner. If there is no surviving spouse or domestic partner, minor children may elect to receive a similar benefit until they reach the age of 18.

VESTING

If you have a minimum of 5 full-time years of service credit in the Retirement System or in combination with a system which has portability with the Retirement System, you may vest your funds when you leave City service. Vesting means you make an affirmative election to leave your funds with the Retirement System until you reach an age at which you become eligible for retirement. Within 2 months of leaving City employment, you should submit an *Application to Vest Retirement Funds* form, notifying SCERS of your election to vest (<http://www.seattle.gov/retirement/documents/Vesting.pdf>).

If you vest when you leave City employment and are not eligible or ready to retire, you will continue to accrue interest at the Board-approved applicable rate per annum. However, you will not be eligible for sick leave credit nor can you participate in the Death Benefit Program. Also, unless you gain medical coverage through COBRA or another employer group medical plan, you will not be eligible to purchase medical coverage through one of the City's medical plans when you retire.

The decision to vest is *not* irrevocable. You have the right to remove your funds from the Retirement System at any time up to the day of your retirement. In removing your funds, however, you lose all rights in the Retirement System and your funds will be subject to any and all applicable Federal laws.

RETIREMENT PORTABILITY

“Portability” refers to an agreement that has been legislated between the City of Seattle, the City of Tacoma, the City of Spokane (see ordinance 115460) and eligible retirement plans in the State of Washington (see RCW 41.54), which allows portability of retirement benefits between eligible organizations. For more information you can contact the Retirement Office at (206) 386-1292 or the State Department of Retirement Systems at (360) 664-7000 or 1-800-547-6657.

If you have ever worked for the City of Tacoma, the City of Spokane or another organization covered by the Washington State Retirement System (PERS, TRS, etc), or if you plan to do so at any time in the future, you may be eligible for portability benefits. Benefits under portability include combining time worked under both retirement systems *to qualify* for retirement and *to determine* the percentage of salary factors used by each respective system. Once qualified, both systems will calculate your retirement separately, using your highest average salary, regardless of the system in which it was earned.

In order to establish dual membership, just complete a “*Portability Claims*” form, which is available from the Retirement website, and return it to the Retirement Office. This will be kept on file until you are ready to retire. If you previously worked for an eligible jurisdiction, you are not responsible for getting your records from the State or any other portable pension system. When you get ready to retire and request an estimate, you need to indicate in the comment section that you have service credit in a portable pension system, identifying the system and the approximate amount of creditable service time in that system. The Retirement Specialist preparing your benefit estimate will contact staff from that pension system to verify your portability claim.

If you are a current member of SCERS and you previously worked with the State of Washington or any agency covered by a Washington State Retirement System, you may wish to redeposit your funds so you can establish portability. To do so, call the State Department of Retirement Systems’ Restore Unit at (360) 753-3113.

BUYBACKS

Under certain conditions, the Seattle City Employees’ Retirement System allows members to purchase service credit for time previously worked. These purchases, called “buybacks,” can occur in a variety of instances, which are outlined in the following section.

The cost of buybacks varies depending on the type and timing. Some buybacks require you to pay the actuarial cost of the Retirement benefit you are purchasing. The actuarial cost is the full value of the increased retirement benefits that result from the purchase of additional service credit. When you purchase service time through an Actuarial buyback, your account is credited with the current hourly rate multiplied by your current rate of contribution and the number of hours you are purchasing.

Other buybacks require a payment of previously withdrawn employee member contributions with interest. Interest in this case is “the actuarial assumed rates of investment return,” currently 7.75%. If you purchase service time at this cost, you will be credited with the service time the buyback represents, and your account will reflect the redeposit.

In certain buyback cases, you will not be required to pay either the actuarial cost or your withdrawn contributions with interest. For more information, see the section below or contact the Retirement Office.

If you wish to purchase service credit and are qualified to do so, as explained below, you can usually pay a lump sum or payments over time with interest. Either sort of payment can be financed by moving money from an IRA or your City of Seattle Deferred Compensation Plan. For more information about buybacks, see “*Frequently Asked Questions (FAQs)*” on the Retirement Office’s website.

TYPES OF BUYBACKS

If eligible, you may purchase service credit in accordance with the following different types of buybacks. The particulars for each type of buyback may vary and eligibility may be limited. If you wish to purchase service credit, you can make a request by submitting a “*Buyback or Re-deposit Calculation Request*”, which is available from the Retirement Office’s website. The records research necessary to complete

these calculations may take up to 60 days under normal conditions, so please submit your request with that timeframe in mind.

1. **Initial Six Months of Employment:**

This buyback is only available to those employees who were hired in permanent positions between January 1, 1988 and December 31, 1998. Employees hired during this time period did not contribute to the Retirement System during their first 6 months of employment and thus, did not receive any service credit during these 6 months. These employees were given the opportunity to purchase this time once when the Retirement Fund reached a funding ratio of 95%. (The Funding Ratio represents the value of the Retirement System's actuarial assets in relation to its actuarial liability; in other words, it shows the level to which the Retirement System has the assets necessary to meet current benefit obligations.) This buyback window occurred in 2007.

If you missed the opportunity to buyback your initial 6 months of service, you have another opportunity at the time of separation from employment or retirement; at that point, the buyback will be at the actuarial cost.

2. **Temporary Employment Time:**

If you are a temporary employee, you have three different opportunities to join the Retirement System:

- *Within 6 calendar months of completing 1,044 hours (6 months) of compensated straight-time service;*
- *Within 6 calendar months of completing 5 years (10,440 hours) of continuous compensated straight time service; and,*
- *If you are appointed to a permanent full-time or part-time position after completing 1,044 hours of temporary service, but before 10,440 hours of temporary service.*

If you become a member of the Retirement System within 6 months of completing 1,044 hours (6 months) of compensated straight-time service, you will begin to earn service credit in the System from the date of your membership forward.

If you do not exercise your right as a temporary employee to become a member of the Retirement System within 6 months of completing (1,044 hours) of temporary service, but become a member within 6 months of completing 10,440 hours (equivalent to 5 years full-time) of temporary service, you have the right to purchase your previous temporary time back to the 1,044 hour threshold, provided you initiate the buyback within 6 months of becoming eligible for membership.

If you do not exercise your right as a temporary employee to become a member of Retirement System, but are appointed to a full or part-time permanent position after completing 1,044 hours (6 months) of temporary service but before 10,440 hours (equivalent to 5 years full-time), membership is mandatory and you have the right to purchase your temporary City service credit, back to 1,044 hour threshold. This opportunity expires 6 months after your regular appointment.

If you do not opt to become a member of the Retirement System within 6 months of the 10,440 hour threshold (equivalent to 5 years full-time), and continue working as a temporary, you will only be eligible to join the Retirement system only if you are appointed to a permanent position, at which time membership is mandatory. Under these circumstances, you may purchase temporary service credit at the actuarial cost when you retire or resign. The service credit you may purchase does not include your first 1,044 hours of service.

3. **Exempt Employees:**

An employee in an exempt position has the choice of membership. If you are appointed to a position classified as “exempt”, you have the *option* to become a member of the Retirement System when you are hired; membership is not mandatory. You will receive notification from the Retirement Office of your options. If you elect to become a member, your decision *is* irrevocable and may not be reversed in the future. Membership is permanent until you either separate from City employment or retire.

If you decide you do not want to become a member of the Retirement System when you are hired, your decision is *not* irrevocable. You may opt to become a member of the Retirement System at any time. If you decide to join the Retirement System at a date after your initial declination, you will have an opportunity to purchase service credit for the time you worked as an exempt employee before joining the system by paying the actuarial cost in a lump sum at the time of separation or retirement.

4. **Family Medical Leave:**

If you are a member of the Retirement System and have taken unpaid Family Medical Leave (FML) during your tenure with the City, you have the option to buy back the service credit lost. Remember, as of 2009, FML includes Military Exigency Leave and Military Family Caregiver Leave. You may exercise this right immediately upon returning from Family Medical Leave or at any time after returning from Family Medical Leave. You may make payments through payroll deduction or in one lump sum. The actuarial cost does increase the longer you delay purchasing the buyback.

5. **Leaves of Absence for Medical Reason:**

If you are a member of the Retirement System and have taken an unpaid Leave of Absence for medical reasons and these were documented by your physician as part of the Leave approval process, you have the option to buy back the service credit lost due to your illness after returning from leave. You may make payments through payroll deduction or in one lump sum. The actuarial cost does increase the longer you delay purchasing the buyback.

6. **Industrial Injury Time-Loss:**

If you are a member of the Retirement System and experience time loss due to an industrial injury during your tenure with the City, you have the option to buy back the service credit lost. You may exercise this right upon return from your Industrial Injury leave time. (Contributions to the Retirement System may only be deducted from the City’s portion of your workers’ compensation pay).

7. **Military Time:**

If you are a member of the Retirement System and have served in the armed forces, you can receive service credit for time spent on active duty. If you serve and return to work within 90 days of commencing your military service, you can pay your missed contributions and receive service credit for the time you served.

As a member of the Retirement system, you may also purchase up to 5 years of service credit for active service in the military that occurred prior to City employment. If you have served in the armed forces and wish to purchase service credit for some or all of this time, you must pay the actuarial cost in a lump sum while actively employed by the City just prior to your time of separation or retirement. You cannot do so if you receive or will be eligible for retirement benefits from the military.

8. **Redeposit of Withdrawn Contributions:**

If you return to work for the City, you have the right to redeposit what you withdrew from the Retirement System when you left, plus interest. Interest is computed at the actuarial investment return assumption rate in effect at the time of redeposit, if you make arrangements within 2 years of returning to City service. Re-deposits may be made in a lump sum or you may arrange for deductions from your bi-weekly checks.

Arrangements to redeposit must be made with the Retirement Office within 2 years of your return to City Service. If you want to redeposit any withdrawn contributions and it has been more than 2 years since you were rehired, you must pay the amount of your contributions as well as interest at the actual annual rate earned by the retirement fund. This cannot be less than the assume rate of return, which is currently 7.75%.

You can purchase these buybacks either as a lump sum or spread over 10 years with 7.75% interest. When you have finished repaying your withdrawn contributions, you will be credited with your previous membership time. Your retirement benefit is based on the total years of membership. The more years of service credit you have, the greater value your retirement benefit will be. Therefore, it may be to your benefit to redeposit your withdrawn contributions.

9. **Portability Redeposit:**

As explained in the section on Retirement Portability, if you have ever worked for the City of Tacoma or City of Spokane or another organization covered by a Washington State Retirement System (PERS, TRS, etc), or if you plan to do so at any time in the future, you may be eligible for portability benefits. If you leave City employment and leave your contributions in the Seattle Employees Retirement System to take a position in another jurisdiction or organization covered by a portable pension plan, your service credits under both retirement systems will be combined to qualify you for retirement and to determine the highest average rate of pay you earned in either system.

If you withdraw your contributions and interest, when you leave City employment and then become employed with certain other governmental entities, you may want to redeposit these contributions when you become employed somewhere that qualifies you for portability. In this way, you can recapture service credit for past City employment.

If it has been 2 years or less since you were hired by a portable government employer, you can recapture previous service credit by re-depositing the amount equal to your withdrawn contributions and interest charged at the assumed rate of investment return, currently 7.75%. If it has been more than two years, you can still purchase previous service time for the amount of your contributions and the interest at the actual annual rate earned by the retirement fund. This cannot be less than the assumed rate of return, which is currently 7.75%.

LOANS

There are no provisions for borrowing from your retirement account; funds can only be removed in the case of retirement, separation from employment or terminal illness. A loan is permitted through the City's Deferred Compensation Plan.

VOLUNTARY RETIREMENT

Your application for *voluntary* retirement must be signed and filed with the Retirement Office at least 30 days prior to the date you wish to retire. This is done during a retirement interview with a Retirement Specialist. There is no form for you to download in advance.

Prior to scheduling a retirement interview, you should request an estimate of the benefits you are eligible to receive when you retire. Estimates usually take 6-8 weeks to process; processing time may be longer for members with dual membership in other portable jurisdictions. Therefore, you should request an estimate at least 90 days prior to your retirement date. If you have requested an estimate in the previous 12 months, you do not need to request a new estimate before scheduling your retirement interview.

If, for some reason, you change your date for retirement after you have completed your retirement interview and signed/filed your application for voluntary retirement, do not worry. Your retirement date can be changed *anytime up to the date designated by you on your Retirement Application*. Please note, a change to your retirement effective date does not ensure your position with your employing unit; that discussion is your responsibility.

INVOLUNTARY RETIREMENT

In the event your retirement is *involuntary* (e.g., as a result of layoff, termination etc.), you should call the Retirement Office immediately, let the staff know that you have an immediate need for a retirement interview with a Retirement Specialist. If you are not asked whether you have had an estimate prepared for you in the past year, please inform the staff during your call for an appointment; this will enable staff to prioritize scheduling an appointment for you and ensure the necessary calculations have been completed for your meeting with the Retirement Specialist.

WORK AFTER RETIREMENT

In the event you retire and at some later point have the opportunity to return to City service, there are specific guidelines about which you should be aware. If you return as a temporary, there will be no impact on your pension and annuity retirement benefit as long as you do not exceed 1,040 hours of work in any calendar year. However, if you exceed this threshold or if you are appointed to a regular full-time or part-time position, your benefits will be impacted. You will only receive the annuity portion (your contributions and interest) of your retirement benefit; the pension portion of your benefit will be frozen until your City service ends. Please note, if you start working in a regularly appointed position or more than 1,040 hours per year as a temporary employee, touch base with your Department Human Resources staff to ensure the retirement code is disabled in your records. You will not be eligible to rejoin the retirement plan and you should not have contributions deducted from your paycheck. When you separate from City employment again, be sure to notify the Retirement Office. At that point, your full retirement benefit (both annuity and pension) will resume with the same retirement option you originally selected.

CHANGE OF BENEFICIARY

While it is not mandatory, you should consider designating a beneficiary. If you have a spouse or registered domestic partner, this person is automatically designated as your beneficiary in accordance with the Seattle Municipal Code. If you are not married, even if you are in a domestic partnership, you can change your beneficiary at will. If you do have a spouse, you need his or her signed consent, or spousal waiver to designate someone other than your spouse as your beneficiary. You can access a copy of the Retirement beneficiary form on the Retirement's website. Please note, the beneficiary form on file with City Personnel is not the same as the one for Retirement benefits.

If you retire with an Option D or E and subsequently are divorced, you may not change your beneficiary. Your previous spouse, designated before retirement, will receive any beneficiary benefits. However, if you selected another retirement option and designated your spouse at the time of your retirement as your beneficiary, you may change your beneficiary.

If you are an unmarried member with a domestic partner, you may designate your domestic partner as your beneficiary for retirement benefits. However, you must file an affidavit of domestic partnership

with the Retirement Office. If, after you file an affidavit of domestic partnership, you are married, the affidavit shall be considered void. Any changes in the domestic partnership must be communicated in writing to the Retirement Office.

INCOME TAX ON YOUR RETIREMENT BENEFITS

Before you retire, this office will provide you with your cost factor and the amount of your monthly benefit that is taxable and non-taxable. This information is provided for your convenience. It is quite important, so please keep it as part of your tax records.

Also, each year you will receive a copy of the Internal Revenue 1099-R form upon which we have reported the gross total of your retirement income for the year. The taxable and non-taxable portions of your pension are shown on this form.

If you wish, the Retirement Office will automatically withhold taxes from your monthly retirement check and deposit them with the Internal Revenue Service. However, we need written permission from you to do this. Please contact our office for the appropriate tax withholding form.

POST RETIREMENT COST OF LIVING INCREASES

Each November, the monthly retirement benefit will be increased to provide the highest benefit calculated under one of the following cost of living adjustments:

1. A 1.5% annual compounding COLA
2. A COLA which would provide 65% of the purchasing power which the member's original retirement allowance could purchase.

POST-RETIREMENT MEDICAL AND DENTAL COVERAGE

When you retire you may continue your medical coverage through the City Retirement System, either through COBRA or one of the City's medical plans. You are eligible for up to 18 months of coverage under COBRA, a Federally-mandated medical program open to anyone leaving City service, who is under age 65. At the end of 18 months, you may switch to the medical program available through this office, or you may choose to find your own medical coverage. Dental coverage is also available under COBRA or you may elect at the time of retirement to receive coverage through a plan that is offered to City retirees. Whether you elect to continue medical coverage through COBRA or the City's plan, the cost is the responsibility of the retiree, though accrued sick leave converted through VEBA or Deferred Comp may be used to cover these costs.

Medical coverage is available at a group rate for retirees under age 65, and a Medicare supplement is available to retirees age 65 and over. However, not every medical provider offers a Medicare supplement at a group rate, please review the Retiree Medical Benefits section of the FAQs or contact our office for more information. Premium rates and a comparison of plan highlights are available for review on SCERS' web site.

DEATH BENEFIT PROGRAM

As an active employee, you are an automatic member of the Death Benefit Program. When you retire, you may elect whether or not to retain this benefit. The intended purpose of the benefit is as an adjunct to your burial costs. The benefit is \$2,000 and payable only to your named beneficiary on file with the Retirement Office at the time of your death. The premium at this time is \$12.00 per year, deducted in February from your pension payment. This policy has no cash value for the retiree.

RETIREMENT SERVICE CALCULATION METHOD

Retirement service credit is calculated by determining the amount of years and days between the Retirement System membership date and the date you retire, less any time for which contributions were not made. Any unpaid leave during your career is not counted towards retirement credit. The membership date is when contributions to the System began. If you were able to purchase your initial waiting period you may add that time to the above calculation when calculating your service credit. Also, some members have purchased Temporary time that occurred prior to their membership date, as part of the Scannell settlement, and this time will be added to the above calculation.

CALCULATION OF RETIREMENT BENEFITS

The Seattle Municipal Code provides for a retirement allowance, which shall consist of the *greater* of:

1. The percentage scale computed by multiplying the number of years of service by the indicated percentage of final average compensation, subject to the limitation that the retirement allowance shall not exceed sixty (60) percent of the member's final average compensation; or
2. An annuity which shall be the actuarial equivalent of the employee's accumulated contributions at the time of retirement, and a pension purchased by the contributions of the City, equal to the annuity purchased by the accumulated normal contributions of the member;

In other words, retirement benefits are calculated in one of two ways:

1. Service Retirement Formula: Age x Years of Service x 2% x the average of your highest 24 consecutive months of pay (up to 60% of your FAS); *or*
2. 2 Times Match: The *employee* contribution plus the *employer* contribution used to purchase a lifetime annuity.

Your benefits will be calculated using each of these methods. The retirement benefit, reflected on your estimate as the Straight or Unmodified Benefit, will be the higher of these two calculations. The Seattle Municipal Code provides a retirement benefit equal to the better of the purchase of an annuity or the service retirement formula.

For a quick estimate of your retirement benefits, you may refer to the following matrix or go on-line to use one of the benefit calculators available on SCERS' website.

Percentages increase with each day of service.

Maximum percentage factor = 60% with 30 years of retirement credit.

Average Salary = Average of Highest Consecutive 24 months.

If expected retirement date is 2 years or more from now, use today's salary as estimated Final Average Salary.

Eligibility for Retirement
5 to 9 years of service – and are 62 or older
10 to 19 years of service – and are 57 or older
20 to 29 years of service – and are 52 or older
30 years of service – any age

Percentage of Average Salary

Years of
Retirement
Service Credit

Years of
Retirement
Service Credit

Age

	Any	52	53	54	55	56	57	58	59	60	61	62	63	64	65	
30	60	60.0	60.0	60.0	60.0	60.0	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60	30
29		58.0	58.0	58.0	58.0	58.0	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58	29
28		56.0	56.0	56.0	56.0	56.0	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56	28
27		51.3	54.0	54.0	54.0	54.0	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54	27
26		46.8	49.4	52.0	52.0	52.0	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52	26
25		42.5	45.0	47.5	50.0	50.0	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50	25
24		38.4	40.8	43.2	45.6	48.0	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48	24
23		34.5	36.8	39.1	41.4	43.7	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46	23
22		30.8	33.0	35.2	37.4	39.6	41.80	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44	22
21		27.3	29.4	31.5	33.6	35.7	37.80	39.90	42.00	42.00	42.00	42.00	42.00	42.00	42	21
20		24.0	26.0	28.0	30.0	32.0	34.00	36.00	38.00	40.00	40.00	40.00	40.00	40.00	40	20
19							28.88	30.02	31.16	32.30	33.44	34.58	35.72	36.86	38	19
18							27.36	28.44	29.52	30.60	31.68	32.76	33.84	34.92	36	18
17							25.84	26.86	27.88	28.90	29.92	30.94	31.96	32.98	34	17
16							24.32	25.28	26.24	27.20	28.16	29.12	30.08	31.04	32	16
15							22.80	23.70	24.60	25.50	26.40	27.30	28.20	29.10	30	15
14							21.28	22.12	22.96	23.80	24.64	25.48	26.32	27.16	28	14
13							19.76	20.54	21.32	22.10	22.88	23.66	24.44	25.22	26	13
12							18.24	18.96	19.68	20.40	21.12	21.84	22.56	23.28	24	12
11							16.72	17.38	18.04	18.70	19.36	20.02	20.68	21.34	22	11
10							15.20	15.80	16.40	17.00	17.60	18.20	18.80	19.40	20	10
9												16.38	16.92	17.46	18	9
8												14.56	15.04	15.52	16	8
7												12.74	13.16	13.58	14	7
6												10.92	11.28	11.64	12	6
5												9.10	9.40	9.70	10	5

Identify percentage factor above that applies to your age and years of service.

Percentages increase with each day of service.

This form is only intended to provide a general profile of how an estimated pension amount is calculated.